



# From the Office of Congresswoman Mazie K. Hirono

## **Hirono Amendment Exempts Hawaii's Prepaid Health Care Act from H.R. 3962**

In 1974, the State of Hawaii enacted the Prepaid Health Care Act (PHCA). This law requires that employers provide health care coverage to employees who work at least 20 hours a week for 4 consecutive weeks. Hawaii consistently ranks among the highest states in terms of insurance coverage and lowest in regard to the number of uninsured. This is largely due to PHCA. Private and public health insurance cover an estimated 92% of our population of 1.3 million people. Of those with private insurance, 93% are covered through employment-based plans.

The Hirono Amendment would exempt PHCA, the first and only employer mandate law of its kind in our country, from H.R. 3962, the House health care reform bill.

- The Hirono Amendment was adopted by voice vote by the House Education and Labor Committee on July 16, 2009.
- Debate on the amendment was contentious, but in the end PHCA was acknowledged by members of the Committee as being superior in benefits and coverage in comparison to the employer mandated insurance provisions contained in health reform bill.
  - How the employer mandate in H.R. 3962 differs from PHCA:
    - Under H.R. 3962, employers would be given a choice of either offering their employees health insurance or pay 8% of their payroll for their employees to enter the health exchange.
    - Under H.R. 3962 employers contribute a minimum of 72.5% of the cost of the health insurance premium for an individual and 65% of the cost of a family premium.
    - PHCA applies only to individual health insurance coverage for full-time workers. The law requires employers to contribute at least 50% of the premium cost for single coverage, and the employee must contribute the balance, provided the employee's share does not exceed 1.5% of his or her wages. Because of the 1.5% individual payment cap, Hawaii employers on average pay 94% of the premium with many paying 100%.

- The Hirono Amendment provides maximum flexibility for the State in regard to national health care reform. Under the Hirono Amendment, the State will work with the newly established Office of the Health Choices Commissioner in determining how Hawaii's law will work within the national framework.
- Hawaii is able to determine for itself, on its own terms, how it wishes to proceed with choices of a national plan or continuance of PHCA. For example, if the State determines that it would be more advantageous to participate fully in the national law, it could repeal PHCA.
- The amendment exempts PHCA from H.R. 3962, but it does not exempt the State of Hawaii from the bill. This would, among other things, include health insurance coverage for Hawaii's uninsured, a group that includes part-time workers.